

resulted between this provision and that giving preference to the State banks, and the Comptroller permitted the organization of the latter without limit. No stable State banks existed in some of the Western States, so that their share of banking capital was reduced to a minimum, and the difficulty was increased with the restoration of the Southern States to the Union. The Act of July 12, 1870, therefore, authorized an increase of \$54,000,000 in the bank-note circulation, to be apportioned to banks <sup><f</sup> in those States and Territories having less than their proportion," and anew apportionment was directed to be made as soon as practicable, based upon the census of 1870. Provision was also made for withdrawing \$25,000,000 of circulation from banks in States having an excess.

The withdrawal of circulation was found to be difficult, because the notes did not reach the banks or the Treasury for redemption. It was only for the interest of the stockholders of new banks to compel redemption, by paying a premium to brokers to sort out notes subject to withdrawal and send them to the Treasury. The inflation bill vetoed by President Grant in 1874 contained a provision for adding \$46,000,000 to the bank-note circulation. Congress took a new tack after the veto, and provided for the withdrawal of \$55,000,000 of circulation from States having an excess and its issue in States having a deficiency. This Act,—that of June 20, 1874,—was the first to provide for the voluntary retirement of circulation by the deposit of lawful money with the United States Treasurer and the return of the bonds to the bank. The panic of 1873 and the redundancy of currency which followed, led to the voluntary retirement of circulation, so that no requisitions upon the Eastern banks were required to execute the Act of 1874. The Act for the resumption of specie payments, approved January 14, 1875, wiped out any specific limitation upon the amount of national bank-notes and declared that <sup><f</sup> each existing banking association may increase its circulating notes in accordance with existing law without respect to said aggregate limit; and the provisions of law for the withdrawal and